

Note: This document is an English translation of the “Kessan Tanshin” for the third quarter of the fiscal year ending March 31, 2021 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese and English versions, the Japanese version will govern.



Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 (J-GAAP)

February 9, 2021

Company name:	ID Holdings Corporation
Listing:	Tokyo Stock Exchange, 1st Section
Securities code:	4709
URL:	https://www.idnet-hd.co.jp
Company representative:	Masaki Funakoshi, President and Representative Director
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Scheduled date of filing of Quarterly Securities Report:	February 10, 2021
Scheduled date of dividend payment:	—
Preparation of supplementary materials on financial results:	Yes
Presentation on quarterly results:	Yes (for institutional investors and financial analysts)

(Amounts of less than ¥1 million are truncated)

1. Consolidated Financial Results for the First Nine Months of FY2020 (April 1–December 31, 2020)

(1) Consolidated Business Results

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Q3 FY2020	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Q3 FY2019	18,330	-6.2	946	-44.9	1,035	-40.9	781	-28.3
	19,538	-0.8	1,719	33.5	1,752	31.1	1,090	37.9

Note: Comprehensive income Q3 FY2020 ¥931 million (-19.0%) Q3 FY2019 ¥1,150 million (38.2%)

	Net income per share	Diluted net income per share
Q3 FY2020	¥ 70.00	¥ 69.49
Q3 FY2019	98.20	97.37

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Q3 FY2020 FY2019	¥ million 17,854 15,249	¥ million 9,376 8,730	% 52.2 57.0

Reference: Equity Q3 FY2020 ¥9,328 million FY2019 ¥8,689 million

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
FY2019	¥ —	¥ 25.00	¥ —	¥ 25.00	¥ 50.00
FY2020	—	25.00	—	—	—
FY2020 (forecast)	—	—	—	25.00	50.00

Note: Revision of most recently published dividend forecast: No

3. Forecasts of Consolidated Results for FY2020 (April 1, 2020–March 31, 2021)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
FY2020 (full fiscal year)	¥ million 25,700	% -2.6	¥ million 1,420	% -31.5	¥ million 1,500	% -29.0	¥ million 820	% -36.8	¥ 73.25

Note: Revision of most recently published results forecast: Yes

*Notes

(1) Changes in important subsidiaries during the period
Changes in specified subsidiaries resulting in change in consolidation scope Yes
New: 1 company (Company name: With Holdings Co., Ltd.)
Excluded: —(Company name: —)

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements:

- (i) Changes in accounting policies due to revisions of accounting standards, etc.: No
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatements: No

(4) Number of shares outstanding (common stock)

- (i) Number of shares outstanding (inclusive of treasury stock):
- (ii) Amount of treasury stock:
- (iii) Interim average number of shares (Consolidated total for the quarter)

Q3 FY2020	12,044,302 shares	FY2019	12,044,302 shares
Q3 FY2020	849,768 shares	FY2019	895,759 shares
Q3 FY2020	11,171,196 shares	Q3 FY2019	11,102,457 shares

- * These quarterly consolidated financial results are not subject to quarterly review by a certified public accountant or audit corporation.
- * Qualitative information relating to the appropriate use of results forecasts, and other noteworthy items
Results forecasts are estimates based on information available as of the day the results were announced. Forecasts are inherently uncertain. The actual results, etc. may be different from the forecasts because of changes in business conditions, etc. See (3) Qualitative Information on the Consolidated Results Forecast under Section 1. Qualitative Information on the Third Quarter of the Fiscal Year Ending March 31, 2021, on page 7 of the Attachment for the assumptions that form the basis of results forecasts and other things to remember when relying on results forecasts.
The ID Group has also introduced a board benefit trust (BBT) and Japanese employee stock ownership plan (J-ESOP). Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property for the BBT and J-ESOP plans are included in treasury stock.

(Method of obtaining supplementary explanatory materials regarding quarterly results and details of the quarterly results briefing)
The ID Group will hold a quarterly-results briefing for institutional investors and analysts on February 24, 2021. The materials that will be distributed at the briefing will be posted on the Group website promptly after the briefing.

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1. Qualitative Information on the Third Quarter of the Fiscal Year Ending March 31, 2021

(1) Qualitative Information on the Consolidated Business Results

The global COVID-19 pandemic has caused great concern regarding its impact on the economies of Japan and other countries. Amid this condition, the outlook for business activity, companies' management environment and the employment picture is uncertain.

In the information services industry, to which the ID Group belongs, the COVID-19 pandemic has wreaked a number of changes. New market needs have emerged, as companies implement and overhaul IT environments, people prepare to work from home and the shift of information assets to the cloud accelerates. Negative effects are also being felt, however, including cancellation of new projects in software development and system infrastructure and postponement of existing projects.

The consolidated business results of the ID Group in the cumulative third quarter under review (April 1 to December 31, 2020 (Q1–3 FY2020)) trended differently by field. System infrastructure, cybersecurity and consulting all turned in solid growth, while system operation management trended at roughly the same level as in the previous fiscal year. Subsidiaries acquired during the period also contributed. However, the wrap-up of five major projects in the previous period, in fields such as software development and system operation management, negatively impacted sales by ¥1.986 billion. Net sales retreated 6.2% in comparison with the same period of the previous fiscal year (YoY), to ¥18.330 billion.

In the earnings picture, declining sales pared income, while corporate customers scaled back their system investment plans amid the spread of the COVID-19 pandemic, reducing the operating ratio of the Group's engineers. Moreover, the Group incurred M&A expenses of ¥116 million with the acquisition of three subsidiaries, two of which imposed further costs in terms of amortization of goodwill (¥43 million) and expenses from the New Normal Adaptation Project*. Operating income in the period under review was ¥946 million (–44.9% YoY) and ordinary income was ¥1.035 billion (–40.9% YoY). The Group also earned gain on sales of investment securities. Net income attributable to owners of parent was ¥781 million (–28.3% YoY).

*A Group-internal reorganization project aimed at promoting flexible and efficient workstyles for effective coexistence with COVID-19. The project encompasses measures such as the establishment of THE Forest Room, a free-address office environment; the transfer of certain head-office management functions to the Sanin Department; and an overhaul of the Group's website from a marketing perspective.

The Group's business consists of a single segment. Business results for each service are as follows.

		Previous consolidated cumulative third quarter (April 1, 2019 to December 31, 2019)	Consolidated cumulative third quarter under review (April 1, 2020 to December 31, 2020)	YoY comparison	
				Increase/ decrease	Rate of increase/ decrease (%)
System operation management	Net sales	8,985	8,933	-51	-0.6
	Gross profit	2,098	2,057	-41	-2.0
	Gross profit margin	23.4%	23.0%	-0.3P	—
Software development	Net sales	6,685	5,676	-1,008	-15.1
	Gross profit	1,837	1,380	-456	-24.9
	Gross profit margin	27.5%	24.3%	-3.2P	—
System infrastructure	Net sales	1,827	1,867	40	2.2
	Gross profit	535	550	14	2.8
	Gross profit margin	29.3%	29.5%	0.2P	—
Cybersecurity, consulting and training	Net sales	1,334	1,512	178	13.4
	Gross profit	343	452	109	31.8
	Gross profit margin	25.7%	29.9%	4.2P	—
Others	Net sales	706	340	-366	-51.9
	Gross profit	35	11	-23	-67.6
	Gross profit margin	5.0%	3.4%	-1.6P	—
Total	Net sales	19,538	18,330	-1,208	-6.2
	Gross profit	4,850	4,453	-397	-8.2
	Gross profit margin	24.8%	24.3%	-0.5P	—

(i) System operation management

The Group increased staffing levels in response to system reinforcement by existing clients in finance-related fields. Subsidiaries acquired during the period contributed to sales and the Group captured new projects from existing clients in communications and the public sector. However, the conclusion of major projects with existing finance-related clients in the previous fiscal year negatively impacted sales by ¥224 million and obliged the Group to reduce staffing levels. Some medical-related system-operation projects wrapped up, while the flow of new projects subsided in response to the COVID-19 pandemic. Net sales were little changed at ¥8.933 billion (-0.6% YoY).

(ii) Software development

Order acceptance increased in this field, powered by contributions from subsidiaries acquired during the fiscal year under review and increased staffing levels on existing manufacturing-related projects. At existing corporate customers related to finance and the public sector, however, the completion of three major projects in the previous fiscal year reduced revenues by ¥1.323 billion. Net sales were ¥5.676 billion (-15.1% YoY).

(iii) System infrastructure

Orders accepted expanded amid contributions from subsidiaries acquired in the period under review, increased staffing for digital-transformation (DX) projects with existing transportation-related customers and the capture of new projects with existing clients in the public sector. Net sales improved to ¥1.867 billion (+2.2% YoY).

(iv) Cybersecurity, consulting and training

The Group increased its number of operators in the cybersecurity field, boosted product sales and increased sales of consulting services. Net sales rose to ¥1.512 billion (+13.4% YoY).

(v) Others

Sales in this category were affected by the conclusion of some finance-related projects, postponement of license purchases and some projects amid the impact of the COVID-19 pandemic and a decline in product sales due to failure to acquire large orders on the scale of the previous period. Net sales more than halved, dropping to ¥340 million (-51.9% YoY).

On July 21, 2020, ID Holdings Corporation (“ID Holdings”) resolved to acquire all shares of GI Technos Inc. (“GIT”), in accordance with Article 370 of the Companies Act and Article 25 (Omission of Resolutions of the Board of Directors) of the Articles of Association of ID Holdings. On August 3, 2020, GIT was made a subsidiary of ID Holdings.

For a detailed discussion, please refer to “Notice of Acquisition of All Shares of GI Technos (Turning GI Technos into a Subsidiary),” published on July 21, 2020.

At a meeting of the Board of Directors on November 9, 2020, ID Holdings resolved to acquire part of the shares outstanding of With Holdings Co., Ltd. (“WHD”) to convert WHD to a subsidiary of ID Holdings and to later conduct a simplified share exchange to make ID Holdings a wholly owning parent company resulting from a share exchange and WHD a wholly owned subsidiary company resulting from a share exchange. In addition, as of the same day, a contract to transfer shares and a contract to exchange shares were concluded. Under the terms of these contracts, ID Holdings made WHD a subsidiary on January 4, 2021 and a wholly owned subsidiary on January 27, 2021.

WHD is a holding company where System Design Co., Ltd. which was established in April 1981 is at the core. WHD, with its main business sites in Ibaraki Prefecture and Tokyo, boasts strengths in software development for a wide variety of industries ranging from transportation, manufacturing, pharmaceuticals, public administration, energy, and telecommunications. WHD also possesses a robust customer base including major manufacturing companies. In particular, WHD has seen an abundance of achievements in development and possesses business know-how in business domains with continuous growth potential such as control systems that WHD has been working on since establishment and business systems for fields including energy, public administration, and telecommunications. WHD is expected to enjoy continuing growth going forward.

The ID Group expects to reap a number of benefits through the conversion of WHD to a wholly owned subsidiary of ID Holdings by the share acquisition and share exchange. First, the Group anticipates bolstering its customer base and acquiring outstanding technical capabilities. Second, the Group believes that the creation of a great array of synergy effects such as the sharing of business know-how possessed by both companies in the software development field and the establishment of production systems for large projects through collaboration will further enhance the added values of our business.

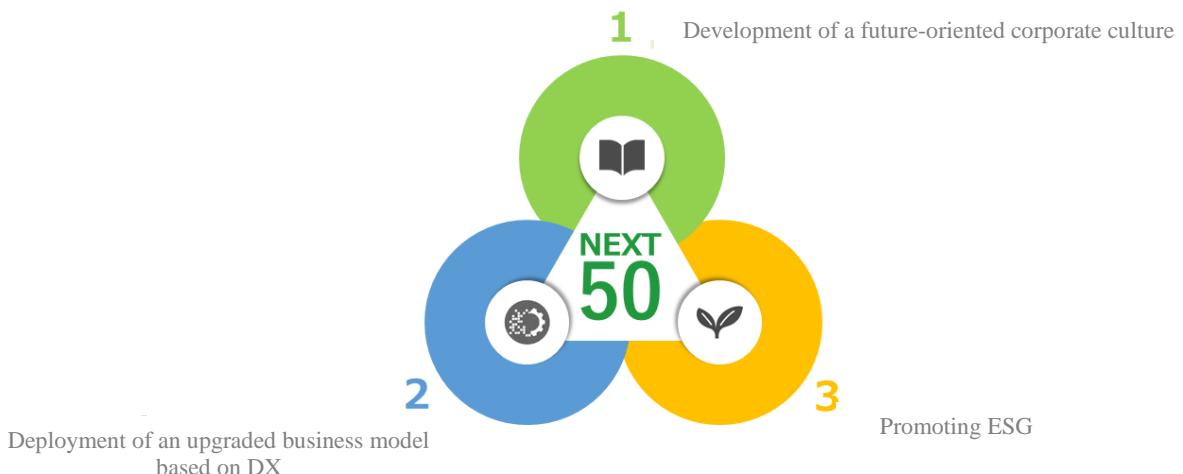
For details on this acquisition, please refer to “Notice of Conversion of With Holdings Co., Ltd. to a Wholly Owned Subsidiary of the ID Holdings Corporation,” published on November 9, 2020.

ID Holdings’ acquisition of the shares of WHD is deemed to have occurred on December 31, 2020. As such, the accounts of WHD are consolidated only on the balance sheet. The earnings of WHD are not included in the quarterly consolidated income statements for Q1–3 FY2020.

Management Policy Initiatives

In today’s information services industry, customers’ IT needs are increasingly diversifying. DX is advancing rapidly, as companies transform existing businesses through digital technologies such as robotic process automation (RPA) and AI. Businesses are shifting from system ownership to system use, IoT devices are proliferating rapidly, and cyberattacks are becoming ever more sophisticated. These developments are driving profound changes in the IT management environment. For the ID Group, market shifts such as these represent a growth opportunity. To set the stage for further expansion in operations, the Group has established a Mid-term Management Plan, Next 50 Episode I: Awakening!, covering the period from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022.

The Mid-term Management Plan sets three Basic Policies: Development of a future-oriented corporate culture, deployment of an upgraded business model based on DX, and promoting ESG*. The Group is working vigorously to implement all three.



**“ESG” stands for “environmental, social and governance.” The ESG approach holds that an appropriate response to each of these three areas of concern is a core driver of the long-term growth of an enterprise and plays a valuable role in the formation of a sustainable society.

(i) Development of a future-oriented corporate culture

Diversity of personnel and fostering of innovation are indispensable for the sustainable growth of the ID Group. The ID Group is hiring and training diverse individuals while continuously overhauling its organization, systems and work environment so that each individual can achieve his or her maximum potential. We are also cultivating a work environment that embraces future-oriented challenge and innovation.

Measures taken to implement this policy include the following:

- In the software development field, the ID Group established a Global Innovation Center (GIC). The purpose of the GIC is to strengthen management of projects ordered in batches and enable appropriate allocation of personnel at Group locations in Japan and overseas.
- To promote flexible and efficient work styles in view of the need to coexist with COVID-19, the ID Group launched an internal reorganization called the New Normal Adaptation Project.
- INFORMATION DEVELOPMENT CO., LTD. (hereinafter “ID”) transferred a portion of its head-office functions to the Sanin Department. The purpose of this move was to promote operational reforms, such as decentralization of the operations of its Tokyo head office and achievement of more diverse and flexible workstyles.
- The Group established the New Normal Idea Proposal Award System. The purpose of this System is to promote sharing of ideas and technologies Group-wide to generate new business.
- The Group introduced a personnel management system, to centralize data on in-house personnel* and propose personnel strategies for flexible and rapid response to management issues.
- To bolster employee capabilities, the Group released ID Campus, an in-house e-learning system that facilitates sharing of operational expertise and engineering skills.
- The Group canvassed proposals for projects expected to be beneficial for itself and its clients and established the Koreyamema Award System as a means of reworking existing operations and customs.

*The ID Group believes that our employees are precious resources, not just a means to an end.

(ii) Deployment of an upgraded business model based on DX*

Amid today’s rapid trend toward digitalization, the ID Group’s corporate clients are moving forward with the introduction and use of innovative technologies. Informed by knowledge and expertise in customer systems accumulated over many years, the ID Group will roll out an upgraded service model that brings added value to customer needs by combining existing service solutions with advanced technologies (RPA, AI, the cloud, cybersecurity, IoT and other digital technologies, as well as advanced management techniques such as IT service management and agile management).

To make this service model a reality, during this three-year period the ID Group will invest vigorously in education, focusing squarely on engineer training. By shifting existing services to more upstream processes, the ID Group will transition from a worker-time-based business model to a result-reward-type business model. In this way, while expanding existing businesses, the Group will invest aggressively in new fields, bolstering its competitive position and enhancing profitability.

Measures taken to implement this policy include the following:

- ID established the ID Cloud Management Center in Yonago, Tottori Prefecture and began provision of ID-Cross, a multi-cloud solution service that supports operations from cloud environment design and implementation to operation and maintenance after system migration.
- A Marketing Department was established at ID. Its purpose is to establish new marketing strategies to adapt to the “new normal,” gather information on technological trends and the like, discover new product lines and promote sales.
- DX CONSULTING CO., LTD. (hereinafter “DXC”) opened the first courses in Japan certified by the EXIN BCS Artificial Intelligence Foundation. This foundation is operated by EXIN Holding B.V., an international testing agency.
- ID added new features to IDEye, a remote work support system, achieving dramatic improvements in operational efficiency.
- ID began supplying Network Detection and Response (NDR), a network monitoring and incident response service that uses Seceon OTM, an advanced security product.
- DXC launched Raku Raku Implementation Support Service, a service that enables remote implementation of IT service management tools and other operational-support tools.
- ID exhibited a virtual booth and delivered talks at PALO ALTO NETWORKS DAY 2020 VIRTUAL, one of the industry’s largest conferences on next-generation cybersecurity technology.
- K.K. PURAIDO’s consulting services were evaluated and awarded the Information Systems Society of Japan (ISSJ)’s Shoji Ura Prize (Practical). These services are based on PURAIDO’s original methodology for implementing DX for clients.
- DXC opened an advanced course in SIAM® (Service Integration and Management), a framework for optimizing the development and operation of IT systems in a multivendor environment.
- ID co-sponsored the 2020 MPOWER Cybersecurity Summit, presenting a virtual booth at the online event. Sponsored by McAfee Co., Ltd., the MPOWER Cybersecurity Summit explores the latest trends in information security, with participation by knowledgeable figures in a wide range of public- and private-sector fields.

*DX is the transformation of existing businesses by combining existing service solutions with advanced technologies such as RPA, AI and IoT.

(iii) Promoting ESG

Through its provision of information services, the ID Group actively strives to develop solutions to society’s problems while creating sustainable growth and social value. The ID Group launched the ESG Promotion Department. By strengthening the Group’s efforts in each of the fields of environment, society and governance, the Department strives to ensure growth and development together with all stakeholders, including customers, shareholders and employees.

Measures taken to implement this policy include the following:

- A Group Internal Controls Meeting was established. The purpose of this Conference is to conduct regular evaluation of the maintenance and operation of the Group’s internal control systems and to discuss and examine necessary improvement measures.
- The Group established THE Forest Room, a free-address office, to invigorate communication and foster innovation.
- Through the use of remote-access services and satellite offices, the Group supports diverse employee workstyles.
- The Group strengthened measures on health management. Initiatives focused on key themes of employee health issues were carried out, including presentation of seminars on preventative living habits and introduction of an app to encourage walking.
- To strengthen employees’ environmental awareness and to support and improve their living environments, the ID Group conducted the Happy Earth Challenge, a month-long initiative to improve the ID Group’s environment.
- To support artists whose activities have become restricted due to the COVID-19 pandemic, the Group posts videos of their performances on its website.
- The Group established ID Group Blood Donation Day and obtained recognition from the Japanese Red Cross Society as a blood-donation supporter.
- The Group contributed funding to Keio University for research on COVID-19.
- To contribute to the discovery and education of people to support the IT industry of the future, the Group co-sponsored the activities of the Committee for the Japanese Olympiad in Informatics.
- INFORMATION DEVELOPMENT Wuhan CO., LTD. (“ID Wuhan”) contributed hygiene products to measures against

COVID-19 at Huazhong University of Science and Technology in Wuhan, Hubei Province, China.
• ID Wuhan employees conducted cleaning activities in the East Lake Moshan Scenic Area.

(2) Qualitative Information on the Consolidated Financial Position

(Assets)

Assets at the end of consolidated Q3 FY2020 increased ¥2.604 billion from the end of the previous fiscal year, to ¥17.854 billion. Cash and deposits rose by ¥1.291 billion. Lifted by the acquisition of three subsidiaries, goodwill increased by ¥1.143 billion, while investment securities swelled by ¥274 million.

(Liabilities)

Liabilities at the end of consolidated Q3 FY2020 amounted to ¥8.478 billion, up ¥1.959 billion from the end of the previous fiscal year. Provision for bonuses declined by ¥724 million, due to six months' provisions at the end of the previous fiscal year and three months' provisions at the end of Q3 under review. However, fundraising for the acquisition of three subsidiaries engendered a ¥2.583 billion increase in interest-bearing debt.

(Net Assets)

Net assets at the end of consolidated Q3 FY2020 increased by ¥645 million from the end of the previous fiscal year, to ¥9.376 billion. Although payment of year-end and interim dividends reduced net assets by ¥571 million, net income attributable to owners of parent came to ¥781 million and valuation difference on available-for-sale securities rose by ¥140 million.

(3) Qualitative Information on the Consolidated Results Forecast

In consideration of recent trends in business results, the Group has revised its forecast of full-year consolidated business results for FY2020 (April 1, 2020 to March 31, 2021), published May 15, 2020. For details, please refer to "Notice of Revision of Forecast of Full-year Business Results, Transfer of Non-current Assets and Appropriation of Extraordinary Losses," published February 9, 2021.

2. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2020	Consolidated third quarter under review As of December 31, 2020
Assets		
Current assets		
Cash and deposits	4,689,877	5,981,292
Notes and accounts receivable – trade	4,250,528	3,987,359
Work in process	18,904	217,520
Other	1,156,979	577,211
Allowance for doubtful accounts	—	—40,068
Total current assets	10,116,289	10,723,316
Non-current assets		
Property, plant and equipment	1,734,054	2,089,363
Intangible assets		
Goodwill	1,164,231	2,307,243
Software	84,328	86,844
Other	742	830
Total intangible assets	1,249,301	2,394,918
Investments and other assets		
Investment securities	1,139,311	1,413,462
Deferred tax assets	512,200	567,220
Other	506,015	673,795
Allowance for doubtful accounts	—7,500	—7,500
Total investments and other assets	2,150,027	2,646,978
Total non-current assets	5,133,383	7,131,260
Total assets	15,249,673	17,854,577
Liabilities		
Current liabilities		
Accounts payable – trade	901,141	850,542
Short-term loans payable	360,000	2,420,000
Current portion of long-term loans payable	499,600	612,429
Income taxes payable	919,004	202,280
Provision for bonuses	1,094,196	369,946
Provision for directors' bonuses	42,325	26,198
Other	2,040,995	2,595,831
Total current liabilities	5,857,263	7,077,228
Non-current liabilities		
Bonds payable	—	157,000
Long-term loans payable	249,800	497,941
Deferred tax liabilities	157,800	228,866
Provision for directors' retirement benefits	16,413	124,542
Net retirement benefit liability	30,927	175,707
Other	206,925	216,938
Total non-current liabilities	661,867	1,400,996
Total liabilities	6,519,130	8,478,224
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	567,587	735,626
Retained earnings	7,502,863	7,713,009
Treasury stock	—443,682	—321,648
Total shareholders' equity	8,219,113	8,719,332
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	395,479	535,909
Foreign currency translation adjustment	74,194	69,932
Remeasurements of retirement benefit plans	997	3,265
Total accumulated other comprehensive income	470,671	609,107
Subscription rights to shares	8,937	8,072
Non-controlling interests	31,820	39,840
Total net assets	8,730,542	9,376,352
Total liabilities and net assets	15,249,673	17,854,577

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Consolidated Cumulative Third Quarter)

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2019 to December 31, 2019)	Consolidated cumulative third quarter under review (April 1, 2020 to December 31, 2020)
Net sales	19,538,893	18,330,864
Cost of sales	14,687,913	13,877,729
Gross profit	4,850,979	4,453,135
Selling, general, and administrative expenses	3,131,738	3,506,341
Operating income	1,719,240	946,793
Non-operating income		
Interest income	3,719	2,159
Dividend income	22,625	20,265
Subsidy income	2,879	63,360
Other	35,552	42,623
Total non-operating income	64,777	128,408
Non-operating expenses		
Interest expenses	9,947	11,977
Commitment line fees	17,084	17,116
Foreign exchange loss	3,057	9,053
Other	1,280	1,906
Total non-operating expenses	31,368	40,053
Ordinary income	1,752,649	1,035,148
Extraordinary income		
Gain on sales of non-current assets	1,068	1,356
Gain on sales of investment securities	38,886	309,635
Other	115	—
Total extraordinary income	40,070	310,991
Extraordinary losses		
Loss on sales of non-current assets	—	5,499
Loss on retirement of non-current assets	114	147
Other	—	13
Total extraordinary losses	114	5,660
Net income before income taxes	1,792,604	1,340,480
Income taxes—current	444,674	360,367
Income taxes—deferred	249,728	187,126
Total income taxes	694,402	547,493
Net income	1,098,202	792,986
Net income attributable to non-controlling interests	7,945	11,028
Net income attributable to owners of parent	1,090,256	781,958

(Consolidated Statement of Comprehensive Income)
(Consolidated Cumulative Third Quarter)

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2019 to December 31, 2019)	Consolidated cumulative third quarter under review (April 1, 2020 to December 31, 2020)
Net income	1,098,202	792,986
Other comprehensive income		
Valuation difference on available-for-sale securities	64,265	140,429
Foreign currency translation adjustment	-14,150	-4,262
Remeasurements of retirement benefit plans	2,007	2,268
Total other comprehensive income	52,121	138,435
Comprehensive income	1,150,323	931,422
(Breakdown)		
Comprehensive income attributable to owners of parent	1,142,378	920,393
Comprehensive income attributable to non-controlling interests	7,945	11,028

(3) Notes on Consolidated Financial Statements
(Notes on Assumptions Regarding Going Concern)

None.

(Notes on Significant Changes (If Any) in Shareholders' Equity)

None.

(Changes in Important Subsidiaries During the Period)

Based on a contract to transfer shares and a contract to exchange shares concluded with With Holdings Co., Ltd. ("WHD"), ID Holdings made WHD a subsidiary on January 4, 2021 and a wholly owned subsidiary on January 27, 2021.

In Q3 FY2020, WHD is included in the scope of consolidation, as ID Holdings is deemed to have acquired WHD on December 31, 2020.

(Additional Information)

(Trades involving the delivery of Company shares to employees, etc. through a trust)

The ID Group introduced two performance pay plans: a "board benefit trust (BBT) plan" for Group directors and executive officers ("Directors, etc."), and a "Japanese employee stock ownership plan (J-ESOP)" for Group employees. The former is designed to encourage Directors, etc. to contribute to better mid- to long-term results and greater corporate value, and the latter is designed to motivate employees to increase the share price and improve results.

(1) How the Plans Work

At a meeting held on April 30, 2015, the Board of Directors approved the BBT for Directors, etc. as a way to provide directors' compensation. The BBT is a performance pay plan under which Company shares are acquired through a trust using money contributed by the ID Group, and those Company shares are then awarded to Directors, etc. through the trust based on their job performance, etc. as stipulated by the Officer Stock Benefit Rules established by the ID Group. Directors, etc. are generally eligible to receive the award of Company shares when they retire.

Under the J-ESOP, the ID Group awards shares to employees who satisfy certain conditions as stipulated under the Stock Benefit Rules previously established by the ID Group.

The ID Group awards points to the employees based on their years of service or promotions, and issues Company shares to the employees commensurate with the points that the employees have been awarded. The shares to be awarded to the employees in the future are acquired through a previously established trust, and those shares are segregated and managed as trust property.

(2) Notes on the ID Group shares held in trust

Shares in the ID Group held by BBT and J-ESOP at the end of the consolidated third quarter under review are listed in the consolidated balance sheet under "Net Assets" as "Treasury Stock." The book value of these shares was ¥149,179,000 at the end of the previous consolidated fiscal period and was ¥135,344,000 at the end of the consolidated third quarter under review. The number of shares was 282,227 at the end of the previous consolidated fiscal period and was 246,990 at the end of the consolidated third quarter under review.